NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION 1775 Duke Street, Alexandria, VA 22314

DATE: November 2009 LETTER NO.: 09-CU-23

TO: Federally Insured Credit Unions

SUBJ: Reviewing Adequacy of Earnings

ENCL: Supervisory Letter – Reviewing Adequacy of Earnings

Dear Board of Directors:

NCUA examiners were recently provided guidance addressing the evaluation of earnings. This letter provides all federally insured credit unions with the same guidance via the attached Supervisory Letter.

NCUA continues to appreciate the delicate balance credit unions must strive to achieve between the short-term and long-term needs of the credit union. I encourage credit union officials to be committed to a conscientious and well-planned strategy to safely balance the net worth and earnings needs of the credit union with the current and future risk profile. I am confident that with an open dialogue examiners will continue to consider all the quantitative and qualitative factors available.

Guidance referenced in the attached letter was directed to NCUA examiners. State-chartered credit unions should consult with their state regulator for further guidance concerning the evaluation of earnings.

If you have any questions related to this Letter, you should contact your regional office, district examiner, or state supervisory authority.

Sincerely,

/s/

Debbie Matz Chairman

Enclosure